

The Regular Meeting of Souderton Borough Council, held on Monday, November 8, 2010, was called to order by President Brian Goshow at 7:30 p.m. Members of Borough Council present at the regular meeting included the following:

President Brian K. Goshow	Councillor Edward Huber
Vice President Andrew Schlosser	Junior Councillor Brian Barr
Councillor Ned D. Leight	Mayor John R. Reynolds
Councillor D. Jeffrey Gross	
Councillor John U. Young	Solicitor Robert R. Bricker
Councillor Steven J. Toy	Borough Manager P. Michael Coll
Councillor Preston Miller	Police Chief James P. Leary
Councillor Richard Halbom	Public Works Director Steven R. Coll

The Invocation was given by Councillor Edward Huber, followed by the Pledge of Allegiance to the Flag.

Mayor John R. Reynolds administered the Oath of Office to Souderton Fire Police officer Jason P. Kemmerer.

Consideration was given to the minutes of the October 4, 2010 Regular Borough Council Meeting and October Borough Council Work Sessions. A motion was made by Councillor Richard Halbom, seconded by Councillor Andrew Schlosser, to approve the minutes of the October 4, 2010 Regular Borough Council Meeting and October Borough Council Work Sessions as presented. The motion was approved.

Borough Manager Michael Coll reported that the Borough of Souderton received a formal letter from the Pennsylvania Emergency Management Agency that our application for federal disaster relief funds associated with the February, 2010 snow storms was approved in the amount of \$10,124.16. The funds will be deposited in the General Fund to help offset salt and overtime expenses associated with the storms.

Police Chief James Leary extended his appreciation to the Souderton Fire Police unit for their assistance during mischief night and Halloween. Chief Leary noted that at least 8 fire police officers were on duty each night, providing up to 26 hours of service time each night. Their service in aiding the department was extremely valuable and deeply appreciated. Chief Leary further noted that a challenge for this department is whether we are providing enough contact and service to our minority groups. To meet this challenge an initiative has been made between the Keystone Opportunity Committee and the Souderton Police Department to attend weekly "English as a Second Language" courses with a goal to improve relations with minority groups within the Borough. Expectations at the first course attended were far exceeded. President Brian Goshow joined the department at the first class and he commended the Police Chief on this initiative.

The Borough Solicitor's report for the month of October, 2010 was distributed to Borough Council. The Borough Solicitor reported that they had several telephone conversations with the Borough Manager and completed necessary research on tax anticipation borrowing. The Borough Solicitor also had several conversations with the Borough Manager concerning the former high school property. The Borough Solicitor satisfied three municipal liens, two filed against property at 230 E. Summit Street and one against property at 420 E. Summit Street.

Public Works Director Steven Coll presented his monthly report to Borough Council. Paving on N Fifth Street, South Second Street and Railroad Avenue has been completed. The annual leaf collection program is underway, but slightly behind the published schedule. President Brian Goshow questioned the status of the Main Street Streetscape project and how the construction work may impact on the Holiday Parade. Steven Coll replied that work on the east side should be nearly complete with exception of the street lights, street trees and some granite block pavers. He anticipates that work will begin on the west side with most construction concentrated on the section between Chestnut Street and Lumber. The area will probably be excavated, with some flush curb installed. This section will have to be barricaded and closed to

pedestrian traffic during the parade.

Borough Manager Michael Coll reported on the business items scheduled for consideration. The first item addresses a concern raised by merchants along W. Chestnut Street to have six additional two hour parking spaces provided at the top of the Chestnut Street municipal parking lot. They noted that spaces are available, but are generally located at the bottom of the lot which are very inconvenient for their clients. A motion to post six additional spaces for two hour parking has been recommended. The second item concerns an initial Resolution of Borough Council pledging compliance with the provisions of the Municipal Records Manual with the retention and disposal of certain municipal records. The manager noted that subsequent resolutions will be considered addressing and summarizing specific records that will be scheduled for disposal. The next item is a Resolution authorizing early implementation of the Earned Income Tax Agreement recently negotiated between the Montgomery County Tax Collection Committee and Berkheimer Tax Collector. Under state law, only one earned income tax collector can be designated for each county in the state effective January 1, 2012. Since most municipalities in Montgomery County currently utilize Berkheimer, an early implementation option is available allowing early implementation of the contract with a reduced commission rate effective January, 2011. The last item is the presentation of the proposed 2011 Budget and 2011 Real Estate Tax Ordinance. If acceptable a motion has been prepared to authorize the advertisement of the Budget and Tax Ordinance for formal consideration at the December 6 Borough Council meeting. Related to the budget is a motion authorizing the Borough Solicitor to prepare and file the necessary documentation to obtain a Tax Anticipation Loan in the amount of \$170,000. The Borough has not obtained such a loan since the early 1980's; however, cash flow is becoming so tight that such a loan is necessary to bridge cash flow until the real estate tax revenues are received.

President Brian Goshow questioned the status of construction on the pool project. Borough Manager Michael Coll noted that Vincent Pools is expecting to gunite the upper leisure pool later this week. Weather has slowed the progress on the steel work. Vincent had a crew on site on Saturday and they still have a good amount of steel work remaining in the zero entry area. Penn Builders completed the foundations for both the bathhouse and filter buildings. Councillor Jeffrey Gross and the manager met with Penn Builders to make the final block selections, but we have to meet again on Tuesday since one of the block items selected is not available under this contract. A few change orders have been encountered with Penn Builders, concerning the foundations. The contractor had to over-excavate through unsuitable soft soil where trees had been located in the area of the new bathhouse and we ran into an unexpected dump area when excavating for the filter building. The contractor ran into a lot of unsuitable fill material, chain link fence and other buried debris. We actually found a photograph in the Seeing Souderton book that showed a lot of debris in this area that was apparently buried. Councillor Halbom noted that any project of this size is bound to run into change orders.

Councillor Jeffrey Gross reported on a project under consideration by Main Streets to participate with Arcadia Publishing to publish a booklet for Souderton celebrating our 125th anniversary, with the book available for sale in 2012. Proceeds from the sale of the book will be split evenly between the publisher and Main Streets. This will be a good fundraiser for the Main Streets. Pam Coleman worked with Arcadia Publishing on a very successful project when she was with Quakertown.

Consideration was given to paying the bills for the month of October, 2010.

GENERAL FUND

Boucher & James, inc.	\$191.75	Landis Block & Concrete	\$78.00
John T. Fretz Insurance Agency	23,985.45	Lansdale Police Department	150.00
Word Work, Inc	720.00	Markey Paper & Packaging	67.54
Kurt Scherzberg	669.00	Metlife	286.84
Bergey's, Inc.	1,591.60	Metlife	2,688.67
Cope's Garage, Inc.	310.41	Metlife	286.84
Federal Express Corp	20.01	Metlife	2,668.47
Frederick's Flowers	185.90	Michael C. Boraski, D.M.D.	318.00
Nationwide Trust Company	69,287.24	Montgomery County Comm College	356.40

Nextel Communications	224.67	Moyer & Son, Inc	2,148.76
PECO Energy	25.44	Nationwide Trust Company	1,092.30
Pennsylvania One Call System	27.90	Nationwide Trust Company	366.28
Petty Cash Fund	122.71	Nationwide Trust Company	956.69
Philip N. Calabria, DDS	365.60	Nationwide Trust Company	957.23
Plasterer Equipment Company, Inc	2,205.90	Nationwide Trust Company	361.43
The Home Depot	193.33	Nationwide Trust Company	511.11
Univest VISA	264.00	Nelson Wire Rope Corp	436.48
Verizon	57.94	NetCarrier Telecom, Inc	323.17
Verizon Wireless	43.01	North American Benefits Company	1,010.73
About Flags, Inc.	551.80	Old Dominion Brush	249.70
AT & T	39.45	Plasterer Equipment Company	495.00
Bergey's, Inc	1,153.20	PPL Electric Utilities	8,100.26
Clemens Uniform Rental	165.95	PSAB CDL Testing Program	65.00
Comcast Cable	105.16	Richter Drafting Office Supply	152.61
Concrete Service Materials	682.20	SEPTA	400.00
Cope's garage, Inc	856.30	Shelly Enterprises, Inc	70.32
Daniel L. Beardsley, Ltd	110.55	Snjezana A. Cacovean, DMD	430.00
Davidheisers, Inc	71.00	The Home Depot	155.86
Detlan Equipment, Inc	54.95	Thomas A. Lawson	104.99
Dr. Larry J. Geller	351.20	Unum Insurance Company	811.19
Farm & Home Oil Company	883.06	Ven-Mar Sales, Inc	565.00
Freedom Systems Corp	1,122.50	Weaver & Reckner Dental Assoc	778.70
George Allen Portable Toilets	225.24	Weldon Auto Parts	131.79
HISI	4,848.00		
Independence Blue Cross	17,076.67		
Indian Creek Foundation	376.00	Total General Fund	\$164,777.72
Keystone Health Plan East	6,737.27		

SEWER FUND

John T. Fretz Insurance Agency	\$17,990.55	Metlife	\$82.21
Moyer 7 Son, Inc.	1,250.00	Metlife	82.21
J. P. Mascaro & Sons	6,003.40	Moyer & Son, Inc	220.82
PA State University	490.00	Mt. Lake, Inc	139.75
Cintas First Aid & Safety	30.80	NetCarrier Telecom, Inc	139.04
Clayton H. Landis Company	1,224.15	North American Benefits	317.57
Clemens Uniform Rental	203.21	NYCO Corporation	105.64
Comcast Cable	44.95	PPL Electric Utilities	240.14
Daniel L. Beardsley, Ltd	285.60	Richter Drafting & Office Supply	15.95
Freedom Systems Corp	1,122.50	Rodney Shoemaker Plumbing, Inc	325.41
Fromm Electric Supply Corp	8.78	S C Engineers, Inc	1,959.25
Graphic Controls Corporation	234.79	Shelly Enterprises, Inc	49.83
Hach Company	493.35	Siemens Water Technologies	6,283.44
Hart Mechanical Contractors	4,390.00	State World Headquarters	186.49
HISI	1,191.00	Suburban Water Testing Labs	188.00
Independence Blue Cross	118.80	The Home Depot	65.89
Independence Blue Cross	4,249.32	Thomas Seerveld, DMD	148.00
Independence Blue Cross	207.65	Tyler McCarthy	129.99
J. P. Mascaro & Sons	9,893.75	United Laboratories	322.73
Keystone Health Plan East	2,478.45	Unum Insurance Company	256.94
KSG Industrial Supplies, Inc	155.00	Verizon	60.59
Lawson Products	517.76	Wise Electric	910.00
Markey Paper & Packaging, Inc	168.85		
Maryland Biochemical Co., Inc	690.41	Total Sewer Fund	\$65,672.96

CAPITAL RESERVE FUND

Boucher & James, Inc	\$9,535.43	PPL WMS	\$380.00
Hunt Engineering Company	655.60	Univest National Bank	1,684.77
Susan J. Kern	1,560.00	Univest National Bank	6,090.28
Wade Associates	11,143.27	Univest National Bank	199.87
Vincent Pools, Inc	69,189.00	Univest National Bank	5,611.21
PPL WMS	3,230.00	Total Capital reserve Fund	\$109,279.43

SEWER CAPITAL FUND

LIQUID FUELS FUND

Letterco	\$96.00	PPL Electric Utilities	\$603.51
		Total Liquid Fuels Fund	\$699.51

A motion was made by Councillor Ned Leight, seconded by Councillor Steven Toy, to authorize payment of the bills for the month of October, 2010, as presented. The motion was approved.

President Brain Goshow opened the floor to the audience who may wish to address Borough Council on any topic or matter of concern. There being no public comment, President Goshow moved to the business portion of the agenda.

A motion was made by Councillor Steven Toy, and seconded by Councillor Andrew Schlosser, to authorize the posting of six parking spaces in the center row of the Chestnut Street Parking Lot limiting parking to two hours between 8 am and 8 pm, except Sundays and Holidays, for a 90 day trial period per Mayor's order. The motion was approved.

A motion was made by Councillor Edward Huber, and seconded by Councillor Richard Halbom, to adopt Resolution No 10-12 declaring the intent of the Borough of Souderton to follow the schedules for retention and disposal of records as set forth in the Municipal Records Manual. The motion was approved.

A motion was made by Councillor Preston Miller, and seconded by Councillor Andrew Schlosser, to adopt Resolution No 10-13 electing an early implementation of the Earned Income Tax Collection Agreement with Berkheimer Tax Administrator as recommended by the Montgomery County Tax Collection Committee. The motion was approved.

Borough Manager Michael Coll summarized the proposed 2011 Budget for Borough Council as follows:

GENERAL FUND

- Proposed tax rate increase of approximately 5% from 4.25 mills to 4.50 mills.
- Local Enabling Tax revenue has been reduced to more conservative levels as recommended.
- Unlike prior years, this budget is not utilizing any fund balance, which will provide a truly balanced budget.
- Salaries for the Borough Manager, Financial Secretary and Public Works Director will not be increased. The proposed Budget requests a 2% wage increase for the remaining seven full time non-uniformed employees. The added cost of this request is approximately \$7,590 taking into account the additional social security taxes.
- Spring and fall newsletters have been deleted from the budget. Additional funds have been set aside for upgrades to the web site.
- Police Officer wages will increase by 4% pursuant to the collective bargaining agreement. The additional increase in base salaries for five uniformed employees is \$22,200.
- The budget does not provide funding for any additional new police hires; however, funding was restored for police officer testing.
- As requested, the proposed budget includes a non-cash expense of \$17,500, which will be applied to fund balance for the purchase of a new car in 2012, or used in the current year.
- Contribution to the Souderton Fire Company has been maintained at \$23,000.
- Contribution to Souderton-Telford Main Streets has been reduced to \$40,000.

- Additional cuts have been made in recreation expenses. Part time summer help positions have been eliminated from the 2011 Budget.
- The budget provides for a tax anticipation loan and the associated interest payments.
- Interfund operating transfers have been reduced, reflecting limited capital spending through 2011.

SEWER FUND

- Sewer rates have been increased by 5% effective with the November, 2010 billing. Even with this rate increase, revenue projections through 2011 have been conservatively projected downward.
- Chief Operator salary will not be increased. The proposed Budget is requesting a 2% wage increase for the remaining four full time non-uniformed employees. The added cost of this request is approximately \$4,705 taking into account the additional social security taxes.
- Budget projects a reduction in electrical expenses due the selection of an alternative energy supplier mid way through 2010. The Borough also has a permit to land apply sludge, which we expect to implement in 2011, reducing the overall expense of sludge disposal.
- Sewer Capital Fund does not provide any funding for sewer main replacement projects in 2011. Funding has been set aside for certain upgrades to the head works of the plant.
- The Sewer Capital Fund is not utilizing any fund balance in 2011, which is an attempt to recover some lost assets from prior capital spending.

POOL FUND

- This is the most difficult fund to project since we have no operational experience with this brand new facility. Revenue and expense projections have been based on experiences with the old facility and certain information obtained from the surrounding pools.
- The budget projects an ability to sell 600 memberships with a family membership rate of approximately \$275.00 for residents and \$355.00 for non-residents. The rates are competitive with surrounding pools. Actual rates will be set in 2011 based on known construction expenses and associated debt service requirements.
- Daily admissions should grow based on this new facility. Neighboring pools reported daily admissions of \$25,000 in 2010. This budget estimates \$30,000 in daily admissions at a rate of \$10 per adult and \$8 per child.
- Concession sales are most difficult. Since we have no experience we opted to be extremely conservative with this budget projecting a nominal profit. There will be 98 days of operation in 2011. Concessions will have to gross an average of \$400 per day to achieve this projection. Operating profits will simply go into fund balance for use towards debt service.
- All manager salaries, lifeguard salaries, ticket window employees, associated payroll taxes and insurances will be reimbursed by contract to the North Penn YMCA to begin our first year of operation.
- The budget anticipates that \$90,000 will be generated towards debt service.

CAPITAL RESERVE FUND

- A grant from the State for the pool, along with a CDBG grant for the West Broad Street Storm drain project are included in the 2011 budget, along with a final reimbursement for the Main Street Streetscape Project.
- The budget anticipates that the Pool Fund Raising Committee will be successful in securing major donations for the pool project.
- An estimate has been provided for the remaining draw on the loan for the pool renovation project. The budget is anticipating that \$210,000 may be required from the contingency to complete the project. This will hinge on the success of the fund raising efforts and possible support from our neighboring municipalities in completing the required site work.
- Most of the expense reflects work on the pool renovation project. I have prepared a separate budget spread sheet to track pool renovation expenses which is included with the budget.
- Please note that debt service expenses have been moved to a separate Debt Service Fund.

DEBT SERVICE FUND

- The Borough has four General Obligation Loans that will need to be serviced through 2011 and many years thereafter. The Borough Auditor noted in last year's audit that the loan documents specifically require that a separate sinking fund be designated by the Borough to service the loans. Given the addition of the pool loan, a recommendation is made that a separate debt service fund be established beginning in 2011.
- Ideally funds will be transferred into this account in the beginning of the year to guarantee sufficient funding to service the loans. Uninvest will be given authorization to directly withdraw the monthly debt service payments throughout the year.
- The fund specifies each loan, its interest rate and maturity date.

HIGHWAY AID (LIQUID FUELS) FUND

- Revenue comes from the Borough's share of gasoline taxes through the state. Funds are restricted to certain uses. Revenue has slightly declined primarily due to the overall price of gasoline and declining consumer purchases. The formula used by the state to distribute the tax revenue is based on road mileage and population of the municipality. The result of the most recent census may affect future entitlements.
- Most of the fund will be earmarked to an in-place contract to pave the final wearing course on Lawn Avenue, N. Fourth Street, N Fifth Street, Main Street and possibly Summit Street. There will be no oil and chip work in 2011.

A motion was made by Councillor Preston Miller, and seconded by Councillor Andrew Schlosser, to authorize the advertisement of the 2011 Budget Ordinance and the 2011 Tax Ordinance for formal consideration at the December 6, 2010 regular Borough Council meeting. The motion was approved.

A motion was made by Councillor Preston Miller, and seconded by Councillor Jeffrey Gross, to authorize the Borough Solicitor to prepare the necessary documents to secure a Tax Anticipation Loan through Uninvest National Bank and Trust Company effective January 1, 2011. The motion was approved.

President Brian Goshow recognized a member of the audience that desires to address Borough Council. The proprietor of Gina Marie's restaurant at the former Reliance Hotel, 103 E Reliance Road, expressed concerns and difficulties in trying to overcome the poor reputation that the hotel developed through the prior owners. In particular she expressed concern and frustration over operating a restaurant with an active hotel client base above. She is not the owner of the building and has no control over the hotel portion of the property. She has modified the menu and provides great flexibility for private parties, meetings and community events. She requested any assistance from Borough Council or direction in reaching out into the community for additional help to overcome the terrible reputation that the hotel has developed. Borough Council members offered some suggestions with her prior to adjournment.

There being no further business, the meeting was adjourned at 8:25 pm.

Respectfully Submitted,

P. Michael Coll, Secretary

WORK SESSION MINUTES AND COMMITTEE REPORTS

Public Works Work Session – (November 8, 2010)

The public works work session for the month of November was cancelled due to the re-scheduling of the regular monthly Borough Council meeting to November 8, 2010.

Administrative Work Session – November 15, 2010 (7:00 pm-7:55 pm)

Council Attendees: Mayor John Reynolds, Brian Goshow, Jeffrey Gross, John Young, Andrew Schlosser, Steven Toy, Preston Miller and Richard Halbom. Junior Councillor Brian Barr.

Staff Attendees: Chief James P. Leary, Borough Manager Michael Coll.

1. Police Committee

- a) A request for a handicapped parking space in front of 29 Harrison Avenue was received and reviewed. The request came from a tenant at 29 Harrison Avenue, Apartment A. The apartment is closer to the rear private parking lot than the street and it appears that a restricted space would be more appropriately placed within the private parking lot. The recommendation to decline this request was generally supported by committee. The matter will be forwarded to the owner of the apartment complex.
- b) Police Chief James Leary reported to Borough Council on the status of various police activities and training opportunities. He noted that one of his priorities is to reach out to the minority communities and found that participation in the English as a Second Language classes is an excellent resource.
- c) Attached is a request from the owner of the apartment complex at the end of W. Chestnut Street for an additional street light. Chief Leary will review the area during the evening and a recommendation will be provided at the January work session.

2. Administrative Committee

- a) Committee members reviewed appointments to the Zoning Hearing Board, Civil Service Commission, and Vacancy Board. Committee members also reviewed the engagement letter from Styer Associates to continue to serve as the Borough Auditor.
- b) Councillor Steven Toy forwarded information that he received from the Pennsylvania State Association of Boroughs which provides for the cost sharing of workers compensation insurance premiums for fire and emergency services. Committee members will review the feasibility of asking Franconia and Hilltown Townships to share in the workers compensation insurance premiums for the fire company.
- c) President Brian Goshow noted that the Borough of Souderton will be celebrating its 125th anniversary in December, 2012. President Goshow suggested that Borough Council should appoint a committee in 2011 to work on commemorative events that could be held throughout 2012.

3. Development Committee

- a) Attached is a message received from Frank Ball, Supervisor of Operations, concerning steps taken by the School District to remedy the concerns raised by Souderton Borough about the former high school.

Also attached is a letter from Borough Solicitor Robert Bricker to the Montgomery County Board of Assessment Appeals questioning the continued tax exempt status of the former and vacant high school.

- b) The Souderton Planning Commission will meet on Wednesday, December 15 to review two land development applications. The first is a land development application to renovate the car wash at 24 N County Line Road. The second application is from Zion Mennonite Church, who will be asking for a cursory review of a development plan to add a community center and gymnasium to the church, closing the existing entrance off of S Fourth Street and Garfield Avenue. Zion Mennonite Church will need some zoning relief

for setback encroachments, which will be heard by the Zoning Hearing Board on January 11, 2011.

4. Finance Committee

- a) Borough Council reviewed the 2011 Budget and 2011 tax ordinance as presented on November 8th. Borough Council members felt that they had sufficient information about the 2011 budget and will not need to have a fully bound copy as in prior years. There were no suggested revisions to the budget.
- b) Borough Manager Michael Coll noted that Univest National Bank will provide a \$170,000 tax anticipation loan to the Borough effective January 1, 2011 at an interest rate of 3.25%. A resolution approving this loan will be presented at the December 6 Borough Council meeting.
- c) Councillor Andrew Schlosser raised concern over stabilizing the Borough's debt over the long term. Current rates on the four general obligation loans are rather competitive, but could reset in future years at significantly higher rates creating a huge impact on the overall budget. Borough Council should consider refinancing the debt in the bond market to stabilize rates over the long term. A separate bond issue may not be feasible, but participation in a bond pool might be a better option. The Borough should look into hiring special bond counsel to evaluate the Borough's long term debt strategy.